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Regional cooperation in the economic, social and related fields

Report of the Secretary-General

Summary

The world is experiencing the unfolding of the worst economic and financial crisis since the Great Depression, whose effects are exacerbating those of the recent spikes in food and fuel prices with severe consequences for the poorest and most vulnerable populations in terms of unemployment, decreased sources of income, access to nutritious food and to basic health services. The crisis, which became full-blown in September 2008, is rapidly spreading to developing countries and emerging market economies which are affected by lower export revenues because of lower volumes and prices, less tourism, increased unemployment, decreased capital flows, foreign direct investment and remittances, along with fiscal budgetary constraints.

Although unprecedented measures have been taken to avert the worsening of the crisis, the global recovery will be protracted and further policy action will be required to help restore confidence and to relieve the financial markets of the uncertainties that are affecting the prospects for economic recovery.

While the prices of food and fuel have decreased since the peak that they reached in July 2008, the commodities markets remain highly volatile and uncertain. According to World Bank figures, higher food prices are estimated to have increased global poverty by some 130 million to 135 million people.

Fuel prices experienced sharp swings in 2008, with oil prices peaking in July and declining by 70 per cent at the end of the year. According to the International Energy Agency, current global trends in energy supply and consumption are patently unsustainable — environmentally, economically and socially.

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There is consensus about the need for enhanced cooperation, coordination and coherence in the response measures at the regional and international levels. While policies must be centred at the national level, greater international cooperation is needed to avoid exacerbating cross-border strains.

Each region in the world is being affected differently by the multiple crises and each one is responding according to its particular conditions and circumstances. However, many of the lessons learned by some regions from previous crises have increased their resilience to the current one, and experiences could be shared in this regard. Regional responses have proven to be a valuable means of buffering countries against the impact of the economic and financial crisis, but much remains to be done. Strong regional platforms and South-South cooperation could serve as a basis to address development challenges and implement innovative solutions through enhanced and strengthened coordination and collaboration.

The present report is submitted to the Council in accordance with General Assembly resolution 1823 (XVII) and Economic and Social Council resolution 1817 (LV). The report examines, in chapter I, how the different regions are being affected by the multiple crises, how they are responding, how these efforts and initiatives could be further enhanced, and how the five United Nations regional commissions are supporting Member States in these efforts. Chapter II of the report covers developments in selected areas of regional and interregional cooperation, including other policy matters addressed during the regional commissions' ministerial sessions, and further efforts to promote coherence at the regional level, including through the regional coordination mechanism convened by the regional commissions, as well as ongoing cooperation among the commissions.

Contents

		Page
I.	Regional perspectives on the global agenda	3
	A. The global economic and financial crisis	3
	B. Food and energy security	13
II.	Developments in selected areas of regional and interregional cooperation	19
	A. Additional policy issues addressed by the regional commissions at their ministerial sessions and other high-level meetings	19
	B. Coherence at the regional level	22
	C. Enhanced interregional cooperation among the regional commissions	25

I. Regional perspectives on the global agenda

A. The global economic and financial crisis

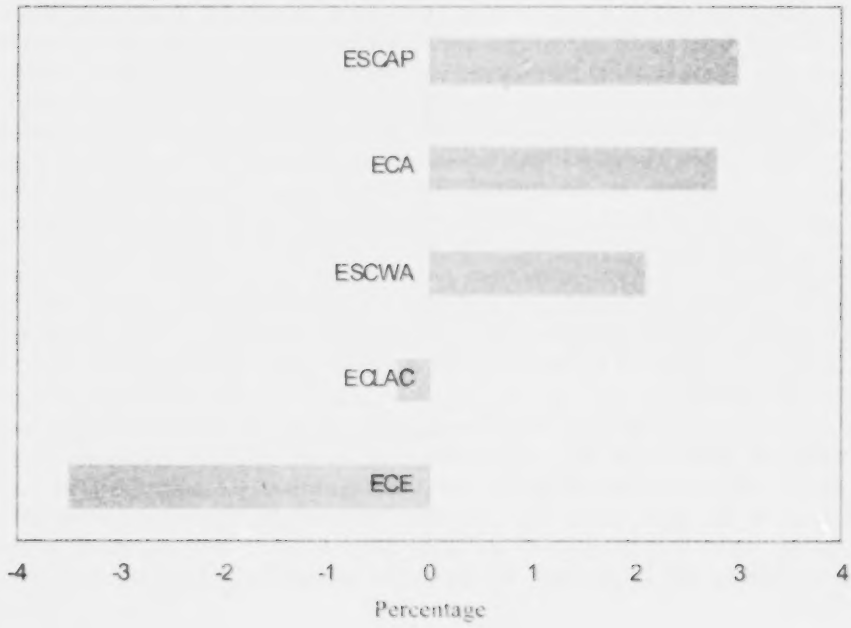
1. The effects in the different regions

1. Since the global economic and financial crisis became full-blown, it was uncertain to what extent and in what ways the different regions would be affected by it. Initially, there was the perception that Asia and the Pacific would be shielded from the impact of the crisis — which was initially mainly financial in nature — because of the sound macroeconomic policies it had put in place since the crisis of the 1990s and because of the large volumes of foreign exchange reserves that it had accumulated during the past decade. There was also the perception that many countries in Africa, except for the most developed ones in the region, would not be as severely affected because they were not as exposed to the financial channels of contagion. Both of these hypotheses proved to be wrong once the crisis began affecting the real economy with a decline in global aggregate demand and the consequent contraction of trade and other private investment flows. It is now evident that all regions are experiencing enormous challenges emanating from the crisis (see figure I).

2. The epicentre is the Economic Commission for Europe (ECE) region and, between late 2007 and 2008, economic growth in its advanced economies turned negative. Between 2008 and 2009, annual real growth in the region as a whole is forecast to fall from -1.5 to -3.5 per cent. The emerging European economies in particular have been hit hard — suffering from a sudden halt in capital inflows while lacking the fiscal space to implement expansionary monetary and fiscal policies.

3. In the Economic and Social Commission for Western Asia (ESCWA) region, between 2008 and 2009, gross domestic product (GDP) growth is expected to fall from 6.1 to 2.1 per cent. The Gulf Cooperation Council countries, which are now suffering from large declines in oil prices and depressed real estate markets, will see growth fall from 5.8 to 1.1 per cent. The economies in the Economic Commission for Latin America and the Caribbean (ECLAC) region are also experiencing falls in commodity prices, which for some countries make up a large part of GDP, as well as from declining flows of remittances. This will depress economic growth across Latin America and the Caribbean where, after six years of expansion, according to ECLAC estimates, GDP is expected to contract 0.3 per cent. In the Economic Commission for Africa (ECA) region, preliminary evidence also indicates slower growth. Growth forecasts for Africa in 2009 are being reduced by between 2 and 4 percentage points. In the Economic and Social Commission for Asia and the Pacific (ESCAP) region, the developing economies initially showed resilience since, following the Asian financial crisis in 1997, they had implemented wide-ranging financial and regulatory reforms. Now, however, they are feeling the effects through declining trade, on which the region is heavily dependent. As a result, compared with 5.8 per cent growth in 2008, the ESCAP region is expected to grow by only 3 per cent in 2009. This is nevertheless faster than in many other parts of the world and, given the scale of the region's economies, Asia and the Pacific is still likely to be the locus of global growth in 2009.

Figure I
Real GDP growth by region, 2009



Source: Based on data from the regional commissions.

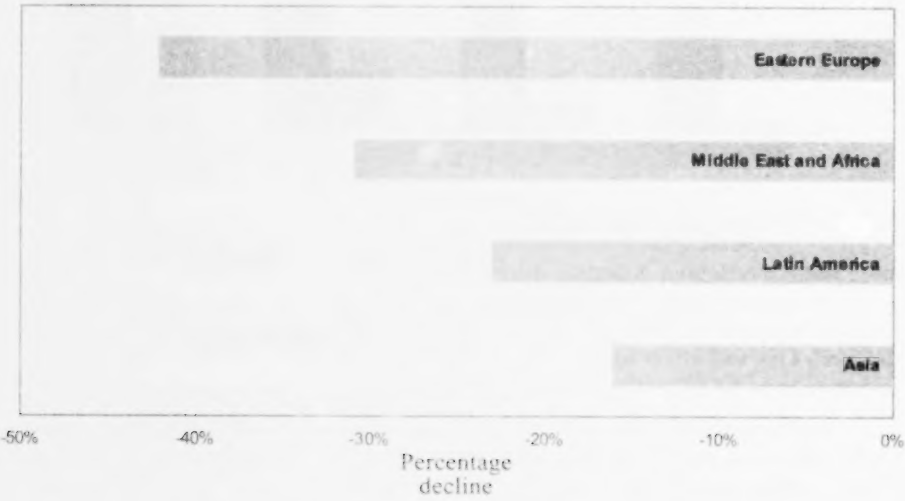
4. **Despite rescue measures, risks remain**: The International Monetary Fund (IMF) estimates that toxic assets held by banks and financial institutions, most of which are in the developed ECE economies, could reach $4 trillion. Since their exposure is on such scale as to threaten systemic failures in banking systems, Governments have been assembling rescue plans — unloading the toxic assets from bank balance sheets as well as recapitalizing the banks so they can resume normal lending operations.

5. A further source of vulnerability in many places, including emerging European economies, is that foreign capital is drying up. This is not yet a severe issue for the major economies in the ESCWA and ESCAP regions, which have relatively low levels of non-performing loans — currently under the 8 per cent threshold. But if the credit crunch worsens, many other enterprises and banks will come under stress. In the ECA region, many of the banks are foreign owned, exposing them to a risk that their owners may choose to offer less support to operations in Africa or sell their assets, with serious consequences for Africa's financial sector.

6. **Falling equity prices**: All regions first felt the impact of the economic crisis through rapidly declining equity markets — in some cases coupled with massive outward capital flows and an associated depreciation in exchange rates. The ECE

region, especially the emerging markets in Eastern Europe, has substantial exposure to foreign capital, and since September 2008 markets have declined by over 40 per cent. Most African countries, on the other hand, with less developed financial markets and limited links with the global financial markets, have been insulated to some extent from the global financial crisis. Nevertheless, countries such as Egypt and Nigeria, with more developed financial markets, have taken a hit: between March 2008 and March 2009, their stock market indices declined by approximately 67 per cent. Some countries in the ESCAP region have also recorded sharp declines, though the losses in Asia and the Pacific as a whole have generally been lower than elsewhere (see figure II).

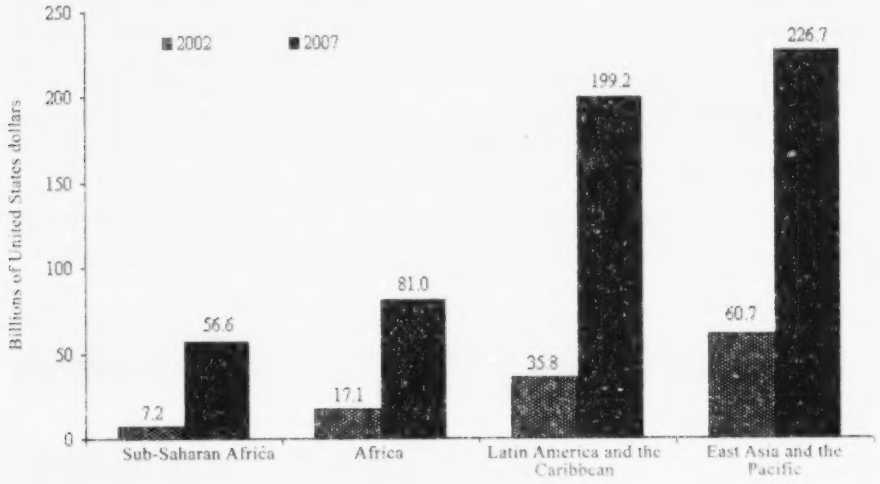
Figure II
Regional emerging markets equity indices, 19 September 2008-16 April 2009



Source: ESCAP calculations, based on data from MSCI Barra.

7. **Capital flows have been drying up**: The global economy has seen a reduction in all categories of capital flows including official development assistance (ODA), foreign direct investment (FDI) and remittances. This has affected developing countries in all five regions, though to varying extents. Over the past decade, all five regions have seen dramatic increases in capital flows (see figure III). These are now under threat. Countries in the ECLAC region, for example, have already seen a drop in FDI. One of the triggers has been a fall in commodity prices since most of the region's FDI comprises investment in natural resources. The ESCAP region has also been affected: after rising significantly during the past decade, FDI inflows have started to decline.

Figure III
Net private capital flows to developing country regions, 2002-2007



Source: Economic Commission for Africa.

8. Many developing countries also depend heavily on remittances. As migrant workers lose their jobs, remittances are expected to fall. Indeed, an increase in the return of unemployed migrants in Asia and in the ESCWA region has already been reported. This will affect some of the poorer countries in the ESCAP region as well as countries in the ECLAC and ECA regions.

9. Despite these declines, FDI and remittances are historically seen to be more stable sources of capital inflows, while ODA is not. Even in normal times, ODA is highly volatile and often procyclical with the recipient country's GDP. Pressures are mounting in major donor countries to recapitalize financial institutions and support other ailing industries — leaving less available for ODA. Among recipients likely to suffer most from falling ODA are the least developed countries in the ECA region.

10. **Sharp-falls in commodity prices**: Following the slump in global demand, the commodity price boom has turned to bust. Since their peak in mid-2008, oil prices, for example, have fallen by more than 70 per cent, energy prices by 60 per cent, and prices for food and metals by nearly 36 per cent. This is hurting many developing countries in Africa and Latin America that are heavily dependent on primary exports. Organization of Petroleum Exporting Countries members have now cut production, but oil prices are expected to remain below $60 per barrel for 2009 with serious consequences for oil exporters, not just in the ESCWA region but also in North and Central Asia.[1]

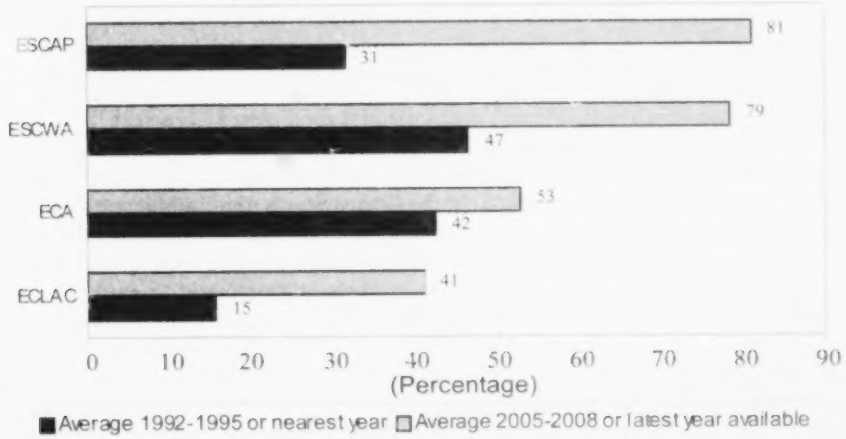
11. On the other hand, many non-oil producing countries and regions will benefit from the relatively low prices of oil and other commodities, and a consequent easing of inflationary pressures. The volatility of oil prices in 2007 and 2008 has made it

[1] IMF, *Global Financial Stability Report: Responding to the Financial Crisis and Measuring Systemic Risks, April 2009* (Washington, D.C., 2009).

difficult for countries to make the necessary plans for meeting basic energy and subsistence needs.

12. **Contracting global trade**: Falling global demand and the drying up of trade finance have dramatically reduced trade. Given its high trade orientation, the ESCAP region will be hit particularly hard. This is especially the case in some of the export-oriented South-East Asian economies where, during 2008, exports switched from double-digit growth to double-digit decline. These countries are particularly exposed because they have focused on meeting consumer demand in developed countries. And while in recent years they have also increased exports to developing Asian markets, this is unlikely to serve as much of a cushion because a lot of this intraregional trade, especially with China, consists of manufactured parts and components which are assembled in China but are destined for developed country markets. Many African countries also depend on a few key exports, such as textiles and cut flowers, and have seen their trade income fall.

Figure IV
Total trade as a percentage of GDP (constant 2000 prices)



Source: IMF statistical databases, http://www.imfstatistics.org/imf/, as at 5 May 2009.

13. **Rising unemployment, increasing poverty**: Sharp declines in aggregate demand across all five regions are taking their toll on industrial production and leading to rising unemployment. Factory closures and layoffs will hurt the working poor, especially women and youth, as the manufacturing industry employs large numbers of unskilled workers. This will place an enormous economic burden on many developing economies. In the ESCAP region, the 1997 crisis showed that when people are hit by sudden shocks, the most vulnerable groups are women and children, youth, the elderly and socially marginalized groups. The damage also lasts much longer than the crisis itself. After the 1997 Asian financial crisis, for example,

economic growth resumed relatively quickly, but some countries took up to 10 years to recover the ground they had lost in the struggle against poverty.[2]

14. As the crisis unfolds, it is estimated that in 2009, up to 23 million workers in Asia and the Pacific could lose their jobs. In the ECLAC region, unemployment in 2008 was 7.5 per cent, but in 2009 it is expected to rise to between 8.5 and 9.0 per cent. In the ECE region, by 2010, unemployment rates in the United States of America, Europe, Turkey and the Commonwealth of Independent States (CIS) are likely to reach double digits. In sub-Saharan Africa, the International Labour Organization estimates that in 2009 as many as 3 million workers could lose their jobs. And in most regions, the economic crisis is likely to push a large number of workers in developing countries into vulnerable employment in the informal sector — which already absorbs a high proportion of the workforces, especially women.

2. Responses to the crisis

(a) Country-specific responses

15. Governments in the different regions have implemented measures aimed at restoring confidence and unlocking financial markets and at stimulating weakened aggregate demand. The fact that the list of measures is long and varies among countries is due both to the differential impact that the crisis has on each individual country and to the differences that exist among them in terms of availability of resources and, therefore, their capabilities to implement certain policy responses.

16. At the initial stages of the crisis, most of the responses were focused in the United States and in Western Europe. In the United States, the Emergency Economic Stabilization Act of 2008, passed in October, allocated $700 billion to enable the Treasury to recapitalize banks.[3] The Federal Reserve also adopted a full package of monetary measures to inject liquidity into markets in an attempt to ease the credit crunch. In February 2009, Congress enacted the fiscal stimulus American Recovery and Reinvestment Act, amounting to $787 billion dollars and estimated at 2.1 per cent and then 2.4 per cent of GDP over 2009 and 2010.[4] With this package, the federal Government will provide unprecedented levels of support into infrastructure, education, research, energy, health care and state government. In the first quarter of 2009, additional bailout packages were adopted for the housing sector and the car industry.

17. In the European Union, the European Central Bank has reduced its policy rate by 300 basis points since October 2008, and European Union member States have introduced new discretionary fiscal measures to support demand, amounting to almost 1 per cent of GDP in 2009, with an additional but somewhat smaller stimulus in 2010.[4]

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[2] International Labour Office, *Global Employment Trends: January 2008* (Geneva, 2008).

[3] *World Economic Situation and Prospects 2009* (United Nations publication, Sales No. E.09.II.C.2).

[4] Organization for Economic Cooperation and Development, *OECD Economic Outlook 2009, Interim Report*, March 2009.

18. Asian countries soon followed suit, and China enacted a fiscal stimulus package amounting to $586 billion. In Japan, the Government recently announced a package totalling about $570 billion, in addition to the $750 billion stimulus package already being implemented.[5] Other countries in the region, like India are highly exposed to the consequences of the crisis but have been hampered by existing budget deficits. A major concern in the region is that fiscal stimulus packages may not pay sufficient attention to social programmes.

19. Most developing countries in the Africa, Latin America and the Caribbean and ESCWA regions have taken significant measures to avert the impact of the crisis. Most of the regions turned to monetary policy as the first line of defence against the crisis. However, the conventional method of aggressive interest rate cuts to inject liquidity into the financial system, has reached it limits in some economies. Hence, other measures have also been taken, including the recapitalization of financial institutions, measures to increase liquidity to banks and firms, fiscal stimulus, trade policy changes and regulatory reforms. The measures adopted differ from country to country depending on the available fiscal space as well as the degree of vulnerability to the crisis.

20. Particularly vulnerable because of their limited fiscal policy space and dependence on foreign direct investment and ODA are most of the sub-Saharan African countries, the Eastern European emerging economies, landlocked developing countries and small island developing States. Instead of being able to expand fiscal and monetary policy to stimulate demand as the advanced economies have been able to do, they have been forced to tighten these to demonstrate to world capital markets that there will be no defaults or inflation that would destroy asset values. Automatic stabilizers are also weak for these economies.[6]

(b) Regional responses

21. In the Asia-Pacific region, as an important first step in regional cooperation, the ASEAN Plus Three[7] Finance Ministers agreed on 22 February 2009, to accelerate the implementation of a financial cooperation framework. The twofold framework is comprised of the Chiang Mai Initiative and the Asian Bond Markets Initiative. Under the Chiang Mai Initiative, a network of bilateral currency-swap arrangements, enables a member country hit by a currency crisis to borrow foreign currency from other member countries. The recent agreement by the ASEAN Plus Three Finance Ministers paves the way for the conversion of the existing bilateral fund of $80 billion to a multilateral pool of $120 billion with 80 per cent of the new funds being provided by Plus Three countries while the remainder will come mainly from the more developed ASEAN economies. Nevertheless, many issues remain unresolved before this agreement can truly evolve to fulfil its function in the event of a balance-of-payments crisis. For example, deployment of the funds would

[5] Statement by the Permanent Representative of Japan to the United Nations at the Special High-level Meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held in New York on 27 April 2009.

[6] More detailed information about country-specific responses to the crisis in the different regions is available in a joint publication by the five regional commissions entitled "The global financial crisis: impact and response of the regional commissions".

[7] ASEAN Plus Three consists of the 10 member countries of the Association of Southeast Asian Nations, plus Japan, China and the Republic of Korea.

require a strengthened ASEAN process of monitoring and surveillance to oversee the requirements tied to the lending of funds to any Government. An expansion in the scope, coverage and participation in the initiatives would also be desirable to enhance its effectiveness.

22. On the trade front, the Government of Japan announced that it would set up a fund of $1 billion through the Japan Bank for International Cooperation, in collaboration with the Asian Development Bank. The fund will provide loans to financial institutions in developing countries to help companies to ensure access to much needed trade finance.

23. In Africa, Ministers of Finance and Planning and Governors of Central Banks met in Tunis on the 12 of November 2008 to discuss the implications of the financial crisis for Africa and identify appropriate policy responses to cushion its impact in the region. The meeting was jointly organized by ECA, the African Development Bank, and the African Union Commission. In the communiqué issued at the end of the meeting, the ministers and governors emphasized the need for bold and decisive actions to mitigate the effect of the crisis on African economies. These recommendations were presented and discussed by African Heads of State and Government at their summit in Addis Ababa in January 2009. At the Tunis meeting, the African Ministers and Governors of Central Banks also set up a Committee of Ten to monitor developments, provide regular follow-up to and advice to ministers and governors on proposals that contribute to the international discourse in relation to the economic impact of the financial crisis and mitigating measures. The Committee had its first meeting in Cape Town, South Africa on 16 January 2009, and the second meeting was held in Dar es Salaam, on 11 March 2009. These coordination meetings have helped to build an African consensus on the crisis and on how the international community could assist countries in the region to respond to it. ECA has been providing research support to African countries on the financial crisis and continues to provide technical assistance to enable African countries to build capacity for policy design and implementation, including deepening economic reforms.

24. In the ECE region, the severity and extent of the crisis has required enhanced cooperation among the ECE member countries. The advanced economies of ECE have responded to the crisis with unprecedented fiscal stimuli and monetary easing. However, it is generally believed that the response has been below what was required because the effects of the crisis have continued to unfold. The fiscal stimulus packages in North America and Europe consisted of both spending increases and tax cuts. Approximately two thirds of the United States 2009 stimulus package consisted of additional spending and one third was tax reductions; approximately a third of the spending was for infrastructure projects.

25. The major economies of the region were involved in the Group of 20 (G20) process by which the G20 agreed to a number of significant measures, including an additional $1.1 trillion for an IMF programme of support to restore credit, growth and jobs, at a summit on the economic and financial crisis that took place in London on 2 April 2009. The G20 also agreed to support a substantial increase in lending of at least $100 billion by the multilateral development banks, including to low-income

countries, and to ensure that all multilateral development banks have appropriate capital.[8]

26. Additionally, in February 2009, the European Council agreed on a European Economic Recovery Plan, equivalent to about 1.5 per cent of GDP of the European Union (a figure amounting to around 200 billion euros (€)). The plan provides a common framework for the efforts made by member States and by the European Union, with a view to ensuring consistency and maximizing effectiveness. In this context, the European Central Bank and other central banks considerably reduced their interest rates, thereby supporting non-inflationary growth and contributing to financial stability.[9]

27. In early 2009, European Bank for Reconstruction and Development (€6 billion), the European Investment Bank (€11 billion), and the World Bank (€7.5 billion) put together a €24.5 billion package of support for the European emerging economies, especially their financial sectors. The European Union enlarged its balance of payments assistance fund for non-euro economies to €25 billion in early 2009 and then doubled it to €50 billion in March. The issue of early euro accession for the non-members was raised but rejected by the existing members.

28. There has been only limited regional cooperation or coordination in addressing the crisis among the CIS countries. The Russian Federation, despite its own serious economic situation, has increased its financial support for neighbouring economies. In early 2009, it proposed an anti-crisis fund within the framework of the Eurasian Economic Community of about $10 billion to aid primarily the other CIS economies. This fund is supposed to work with the Eurasian Development Bank in identifying joint projects that can help in these economies' response to the crisis.

29. Countries in the ESCWA region have participated in a number of regional efforts to confront the current crisis by: (a) participating in an Arab economic summit; (b) for some major ESCWA countries, co-coordinating endeavours as Organization of Petroleum Exporting Countries (OPEC) members; (c) co-coordinating regional efforts through ESCWA; and (d) strengthening economic ties with developing countries.

30. In an unprecedented effort to coordinate measures between the Arab countries in the aftermath of the global financial crisis, Kuwait hosted the first ever League of Arab States Economic, Development and Social Summit, on 19 and 20 January 2009. In the latest OPEC meeting in Vienna, on 15 March 2009, member countries emphasized their commitment to stabilizing the prices of oil at current levels since this would facilitate worldwide efforts to mitigate the negative impact of the crisis. As an active regional institution, ESCWA took a number of initiatives to mitigate the impact of the financial crisis on member countries, including preparing technical papers and organizing regional consultative meetings.

31. In Latin American and the Caribbean, regional and subregional financial institutions have been playing a key role in supporting countries in their implementation of anti-cyclical policies to mitigate the impacts of the economic crisis. Among them, the Inter-American Development Bank (IDB) has announced

[8] Leaders' statement on the global plan for recovery and reform, 2 April 2009.

[9] Council of the European Union, Presidency Conclusions (17271/1/08 Rev.1), 11 and 12 December 2008.

that it is prepared to approve up to a record $12 billion in 2009, up from around $10 billion in 2008, and it also created a new fast-disbursing liquidity facility of $6 billion that "provides funding for countries facing transitory difficulties in accessing international credit markets due to the financial turmoil".[10] This would be the largest and most rapid mobilization of resources in the 49-year history of IDB. In turn, the Andean Development Corporation has raised the credit lines it has available for financial institutions of its member countries from $1.5 billion to $2 billion and the Latin American Reserve Fund has offered its liquidity credit lines of $1.8 billion to countries, and it announced last year that it could make available another $2.7 billion. IDB is coordinating efforts with several other multilateral institutions such as the World Bank, the Caribbean Development Bank, the International Finance Corporation, the Andean Development Cooperation and the Latin American Reserve Fund to ensure that resources are provided in a quick manner to requiring countries. In the first Latin American and Caribbean Summit for Integration and Development, held in Brazil in December 2008, countries agreed to, inter alia: discuss creating a regional and subregional financial architecture for the further integration of financial markets in the regional and subregional spheres; develop or strengthen regional mechanisms for balance-of-payments stabilization; promote further cooperation between national and regional development banks; and consider the establishment of a mechanism for trade payments in local currencies.

(c) Acting at the regional level: policy recommendations

32. With the global economy tossed in the throes of the worst economic recession since the Second World War, a consensus has emerged on the need for actions at the global, regional and national levels in order to recover from the crisis as expeditiously and painlessly as possible and to prevent the recurrence of a similar crisis in the future. To that end, the five United Nations regional commissions have been advocating a number of policy recommendations from a regional perspective[6] (see box 1).

Box 1
Acting at the regional level: selected policy recommendations

It is recommended to:

(a) Renew political commitment to international cooperation and integration in recognition that the economic and financial crisis requires regional and global solutions;

(b) Establish regional contingency plans to respond quickly to liquidity and recapitalization of domestic banks;

(c) Accelerate the establishment of regional surveillance systems that focus on emerging risks and that continue to monitor the impacts of the crisis in the different regions;

(d) Enhance regional coordination regarding domestic governance structures and regulations to strengthen the regulation and oversight of the financial sector;

[10] IDB News release, available from http://www.iadb.org/news/detail.cfm?language=English&id=4806.

(e) Strengthen the regional financial architecture, as a complement rather than as a substitute to the international financial architecture;

(f) Establish or strengthen regional institutions (where they exist) specifically dedicated to export credit and export credit guarantees in the form of regional trade financing facilities;

(g) Strengthen interregional and intraregional trade and investment. By tapping into the potential of South-South trade and investment, the different regions can soften the impact of the current and future economic crises through market expansion and tapping into its own resources of economic growth;

(h) Strengthen regional coordination of monetary and fiscal policies in the different regions in order to move from crisis resilience to crisis resistance, including proposals for coordinated macroeconomic management through counter-cyclical policies;

(i) Institutionalize and increase the voice and participation by developing countries of the different regions, in particular Africa, in the Bretton Woods institutions and other policymaking bodies such as the G20 in order to better reflect the circumstances and conditions of vulnerable countries being impacted by the crisis.

B. Food and energy security

1. Setting the stage

33. Between 2002 and 2008, the price of crude oil soared, reaching an all-time record of $147 per barrel in July 2008, then fell precipitously as the international financial crisis deepened and economic activity slowed across the globe. On the last day of 2008, crude oil was trading at $36 per barrel.

34. Food commodity prices followed a similar, though more moderate, trend. Between 1998 and 2007, the price of crude oil increased at an annual average rate of 21 per cent, reaching $72 per barrel in 2007. It accelerated even more in the first half of 2008, reaching historic daily highs of more than $140 per barrel in July 2008. The price of food has also increased sharply since 2000, although not as fast as the price of crude oil. By the end of 2008, the price of Brent crude oil plummeted to less than $40 per barrel, 70 per cent below its peak in July. The food price index also dropped, although less dramatically.[11]

35. In 2007, IMF analysed the causes of higher food prices, the effects on global inflation and whether a surge in biofuels production would be beneficial.[12] IMF estimated that the increase in the demand for biofuels accounted for 70 per cent of

[11] See footnote 6 above, data from chap. 2.

[12] IMF, *World Economic Outlook, October 2007: Globalization and Inequality* (Washington, D.C., 2007).

the increase in maize prices and 40 per cent of the increase in soybean prices between 2007 and 2008.[12]

36. While the use of biofuels may entail certain opportunities and benefits, there is a risk that higher food prices, driven by decreased crop yields for food supply, may have severe negative implications for the food security of the world's poorest people. In addition, demand for biofuels could place substantial additional pressure on the natural resource base, with potentially harmful environmental and social consequences.[12] To diminish these risks, there is a need to develop analytical and policy frameworks for biofuel production that take into account the diversity of situations and the specific needs of countries. Regional and subregional guidelines for the development of these frameworks could be useful. South-South, North-South and triangular cooperation could promote continued research and development with a view to continuously enhancing the sustainability of biofuels and other bioenergy sources.

37. While world demand for petroleum[13] has grown steadily for the last 10 years, production has often lagged behind. As a result, the world's spare capacity of crude oil — unused production capacity that can be called upon in case of disruption — dropped from 5 million barrels per day to 1 million barrels per day in 2007. A major reason for the sluggish supply response has been the increased difficulty and costs of extracting oil from new fields combined with relatively low energy prices throughout the 1990s.[14]

38. Owing to continuing strong economic growth, China and India account for just over half of the increase in world primary energy demand between 2006 and 2030. Middle East countries are adding their demand by a further 11 per cent to incremental world demand. Collectively, non-OECD countries account for 87 per cent of the increase. As a result, their share of the world primary energy demand rises from 51 per cent to 62 per cent.[15] The bulk of the increase in world oil output is expected to come from OPEC countries, their collective share rising from 44 per cent in 2007 to 51 per cent in 2030.[15]

2. Regional landscapes and impacts of the food and energy crisis

39. The Asia and the Pacific region is the home to the largest number of food-insecure people in the world, albeit with important variations among the subregions and countries in the region. Currently, 64 per cent of the world's undernourished population lives in Asia and the Pacific, making the region a determining cornerstone in the fight against hunger. The overall food insecurity situation at the regional, subregional, national and subnational levels is serious: 542 million people suffer from food insecurity in Asia and the Pacific, out of which 314 million live in South and South-West Asia.

40. Growth in food demand in Asia and the Pacific is driven by demographic expansion as well as by improved living standards, which have caused per-capita consumption of livestock products and other edible goods to increase. Since the

[13] Petroleum includes crude oil, natural gas and other liquids. Over the period 1998-2006, crude oil represented 87.6 per cent of total petroleum production.

[14] IMF, *World Economic Outlook, October 2008: Financial Stress, Downturns and Recoveries* (Washington, D.C., 2008).

[15] International Energy Agency, *World Energy Outlook 2009* (to be issued).

1960s, food availability in Asia and the Pacific has grown faster than food demand. However, the pace of yield growth has been slackening, partly because of the environmental constraints on agricultural intensification, and partly as a consequence of lagging support for agricultural research and development.

41. Although energy is not a Millennium Development Goal itself, it is essential to achieving most of those goals. Hence, the fact that 1.7 billion people rely on biomass for energy, and 800 million people have little access to electricity in Asia and the Pacific is of serious concern to the region. The region's energy consumption per capita is approximately 30 per cent less than the global average. With energy intensity about 20 per cent higher than the global average, the region has a significant potential to conserve energy. Efforts are needed to link energy efficiency not only to energy security and climate change but also to poverty reduction or development in general.

42. In Africa, food security is most fragile and the impact of the crisis is more dramatic in sub-Saharan Africa. Domestic prices are much higher than 12 months ago in all countries, while prices of maize, millet and sorghum are higher in 89 per cent of countries compared to a year earlier.[16] The number and the proportion of undernourished people had substantially decreased between 1995-1997 and 2003-2005, by nearly 18 million and 4 per cent, respectively. However, even before the global food crisis, extreme poverty and chronic hunger affected, respectively, over 40 per cent and nearly 33 per cent of the total population. The urban poor, together with food-deficit farmers, are the worst affected because, in their majority, they are net purchasers of food.

43. Africa is a very vulnerable region where: the livelihoods of two thirds of the population depend directly or mainly on agriculture; over two thirds of the total population living in extreme poverty are rural dwellers; 47 countries depend on imports for almost 60 per cent of their domestic consumption of major grains (wheat, rice and maize), and at least $25 billion is spent each year on commercial imports of food and agricultural products, in addition to some $2 billion dollars of food aid; close to one third of the total population suffered from chronic hunger even before the advent of the crisis at the global level. Africa is home to 15 of the 16 countries where the prevalence of hunger exceeds 35 per cent.

44. In the ESCWA region, countries have been affected by the global food crisis owing to their dependency on food imports, which represents 50-100 per cent of their food needs. Net food imports account for 5-10 per cent of total imports in the ESCWA region, with wheat being the region's most popular foodstuff. While Gulf countries import 100 per cent of their staple foods, their economies are often cushioned by cash surpluses from oil revenues, as opposed to non-oil exporting countries in the region that are more fiscally challenged in mitigating the impact of higher prices, notably on the urban poor, rural landless, and marginalized farmers who are the most affected in the majority of the countries in the region.

45. Regarding energy, oil and gas constitute the bulk of ESCWA exports, notably to developed countries. During the period 1997-2005, mineral fuels averaged around 64 per cent and 81.7 per cent of total ESCWA exports to the European Union countries and the United States, respectively.[17] Oil prices and production are

[16] FAO, *Crop Prospects and Food Situation*, No. 2 (April 2009).

[17] ESCWA calculation based on the United Nations-Comtrade database.

expected to fall sharply in 2009. Thus, it is expected that the region's exports will be hit considerably. Throughout the region, efforts are being carried out to reduce the dependency of the region on petroleum-related exports and to diversify the economy to other areas of production.

46. In the ECE region, global energy security risks increased sharply in 2008 because of the volatility of oil prices arising from the financial crisis. This reduced energy demand and had repercussions on the timing and volume of investments along the energy supply chain, including the electricity sector. The potential for global supply disruptions that could affect the ECE member States also arose from international tensions, lengthening supply routes, the concentration of hydrocarbon resources in a limited number of the world's subregions and the restricted access of oil and gas companies to developing the hydrocarbon reserves in some countries.

47. In the Latin America and the Caribbean region, agriculture has for many years been a source of economic growth and well-being. Between 1990 and 2005, the sector grew an average of 3 per cent per year, a higher rate than the overall economy. Yet, the region is now threatened by the recent rise in staple food prices. In July 2008, the Plurinational State of Bolivia, Colombia, Nicaragua, Paraguay and Trinidad and Tobago all had food inflation rates of more than 20 per cent compared with July 2007. The price of food in the Bolivarian Republic of Venezuela was nearly 50 per cent higher for the same period. In Haiti, the price of rice had gone up by 89 per cent in July compared with July 2007, and in the Plurinational State of Bolivia, rice had doubled over the same period. The surge in food prices was closely associated with rising energy prices, not only because of higher production and distribution costs for food (fertilizers and transportation costs), but also because of the increased use of alternative fuels made from foodstuffs.

3. Acting regionally towards food and energy security: policy responses and recommendations

48. Governments across the globe are responding to the multiple and interrelated crises (food, fuel, financial and economic and climate change) by allocating sizeable portions of their fiscal stimulus packages to social investments, including agricultural and rural development, food-aid programmes and investments consistent with a low-carbon economy. For example, about 38 per cent of the Chinese stimulus package is allocated to transport, energy and water infrastructure projects and 5.8 per cent to sustainable development.[18]

49. As part of promoting regional dialogue to address the multiple crisis in the Asia-Pacific region, ESCAP and the Government of Indonesia jointly organized the High-level Regional Policy Dialogue on "The food-fuel crisis and climate change: reshaping the development agenda", in Bali on 9 and 10 December 2008. The High-level Policy Dialogue was held to address the food-fuel crises and climate change in a comprehensive and integrated manner. The main objective of the Dialogue was to find strategies in addressing the impact of these crises and to prevent those crises from becoming a development emergency. Research and development on sustainable agriculture, including its potential for climate adaptation and mitigation, along with the necessary financial resources, are urgently needed. Arrangements should be made for the sharing of experiences and the transfer of best practices.

[18] *The Economic Observer*, 7 March 2009.

50. Changing the paradigm of growth from a "quantity of growth" to a "quality of growth" approach is critical to addressing developmental needs as well as the environmental dimension (see box 2).

Box 2

The ESCAP Green Growth initiative — towards a low-carbon development path

ESCAP is launching an initiative on sustainable energy security, which includes promotion of a low-carbon development path in the region. The focus of the initiative is to facilitate developing countries to identify and adopt a set of development strategies for the energy sector that could enhance energy security, climate change actions and poverty reduction. Such strategies should enable countries to decouple economic growth and environmental degradation and pursue a path of sustainable and inclusive development. Those strategies will include widening access to energy services to all, particularly the poor through renewable energy or promoting energy efficiency at all levels of society.

51. As part of the strategy of promoting a paradigm shift towards sustainable energy security, it is also important to identify short-term strategies that would enable the region to address the shortfall of energy supply that needs to be met through energy trade and cooperation. In this connection, ESCAP is facilitating a policy dialogue among member States to promote transboundary energy trade and cooperation.

52. Despite significant challenges, Africa has great potential for harnessing its resources to increase considerably food production and supply not only for the continent, but also for the global markets. The region is not short of land or water. Only 45 per cent of the total area suitable for agriculture is currently exploited and only 4 per cent of the available water resources are used, while only 6 per cent of the arable land is irrigated. For this reason, there has been renewed political interest among African leaders and their development partners in supporting agriculture as a sectoral priority. Indeed, the New Partnership for Africa's Development (NEPAD) has been instrumental in bringing up agriculture on the national and international policy agenda with the adoption in 2003 of the Comprehensive Africa Agriculture Development Programme framework.

53. However, a major impediment to the implementation of the framework is the high degree of fragmentation of the African agricultural market among the 53 countries and more than a dozen subregional groupings. From an economic standpoint and within the framework of an increasingly global economy, this landscape is simply not optimal enough to provide for the levels of economies of scale, economies of vertical coordination, and economies of complementarity that would allow the realization of full competitiveness gains and intraregional trade potential for Africa's agricultural systems.

54. A broader regional approach to diversification and specialization in agriculture is needed if Africa is to address food security and realize the full potential of agriculture transformation for improved livelihoods and development. Key elements

of this regional approach to agricultural development include: (a) advancing regional integration for investment and trade in agricultural strategic commodities; (b) moving market integration beyond national and subregional levels by establishing the Common African Market for Agricultural Products; (c) creating an appropriate environment to allow for profitable and secure private investment in coordinated regional agricultural input and commodity value chains; (d) supporting regional research and development on strategic commodities through the creation of centres of excellence to conduct research on the value chain of strategic commodities.

55. In the ESCWA region, national policy responses to the crisis have been primarily economy-wide policies, including expanding subsidy programmes, instituting price controls or export restrictions, and reducing taxes on foods. There have also been some notable social protection programmes, including cash transfer programmes. Moreover, Jordan, the Syrian Arab Republic and Palestine have recently expanded or instituted school feeding programmes that have proven beneficial in responding to the food crisis, since they contribute not only to improved nutrition and health for school-aged children, but also to higher rates of school enrolment and a reduction in child labour. Despite these efforts, the need for devising targeted social safety-net programmes remains compelling.

56. In order to address the current food crisis collectively, in April 2008, countries in the region, under the auspices of the Arab Organization for Agricultural Development, issued the Riyadh Declaration on Promoting Arab Cooperation to Face the Global Food Crisis. The declaration calls for sound trade and investment schemes to boost food security in the short and long terms, including through forging public-private partnerships and enhancing inter-Arab agricultural trade.

57. As such, given the significant constraints faced by the region for increasing local agricultural production, South-South cooperation emerges as a central strategy for establishing long-term food security within the region. The benefits of such South-South cooperation can be mutual, providing opportunities for technology transfer and improved productivity in the agricultural sectors of partner countries, while also allowing for greater food security for the Gulf countries. However, to be mutually beneficial, such partnerships should take into account the potential risks and social impacts of these investments.

58. In the ECE region, Governments sought to mitigate the energy security risks that increased sharply in 2008, by using a range of policy options aimed at furthering the diversification and flexibility of energy systems, including the following: diversifying sources of supply; increasing domestic energy supplies; improving energy conservation and efficiency; expanding the fuel mix available to consumers; and encouraging research and development in greening the fossil fuel energy supply chain. The American Recovery and Reinvestment Act of the United States included more than $60 billion in clean energy investments that should contribute to jump-starting the economy and building clean energy employment opportunities. The European Economic Recovery Plan contains a mix of measures, including increasing annual investments for energy and climate related infrastructure by up to €6 billion per year for the next two years. Several European countries, including France, Germany and the United Kingdom, have included considerable energy efficiency and renewable energy components in their economic recovery packages.

59. In line with the above, the sustainable energy projects of ECE aim to facilitate the transition to a more sustainable and secure energy future by optimizing operating efficiencies and conservation, including through energy restructuring and legal regulatory or energy pricing reforms. For the period 2006-2009, the ECE Energy Efficiency 21 project is working to promote regional cooperation to enhance countries' energy efficiency and to reduce their greenhouse gas emissions. Outreach activities to other regional commissions in the context of energy efficiency for climate change mitigation are being organized under the Global Energy Efficiency 21 project. This project, launched in Poznan, Poland, in December 2008 in Poznan, Poland, will develop a systematic exchange of information on capacity-building, policy reform and investment project financing to promote cost-effective energy efficiency improvements that will reduce air pollution, including greenhouse gases.

60. In Latin America and the Caribbean, Governments, non-governmental organizations and international agencies are already participating in local and regional food and nutritional security initiatives. Within the Central American Integration System, of particular relevance are the following initiatives: an agreement on the free movement of food; the implementation of the Central American Common Agricultural Policy; the Regional Programme for Food Security and Nutrition in Central America, financed by the European Union; a regional emergency plan to increase staple grain production in Central America during the 2008-2009 agricultural cycle; a regional strategy for basic grains; and the design of a regional land development strategy. The PETROCARIBE Food Fund was set up as part of the PETROCARIBE Energy Corporation Agreement, signed by 18 countries of the Caribbean and Central America. In August 2008, the countries of the extended Common Market of the South (Argentina, Brazil, Chile, Paraguay, the Plurinational State of Bolivia and Uruguay) agreed to boost exchanges of seeds, fertilizers and genetic resources, as well as of policy information, and to adopt joint positions at international forums.

61. Since the early 1990s, ECLAC has been strongly committed to the promotion of political dialogue on energy integration and security, both bilaterally and regionally. ECLAC, in conjunction with Mutual Assistance of the Latin American Oil Companies, the Regional Electricity Integration Commission and the Latin American Energy Organization, is now preparing a project entitled "Sectoral energy report for Latin America and the Caribbean", which seeks to offer Governments, institutions and the private sector in the region a vision of the current state and future outlook of the energy market (electricity, gas and oil) and energy security in the region.

II. Developments in selected areas of regional and interregional cooperation

A. Additional policy issues addressed by the regional commissions at their ministerial sessions and other high-level meetings

62. The regional commissions actively considered most of the issues highlighted in chapter I of the present report during high-level and ministerial sessions held since the 2008 substantive session of the Council. During the period under consideration, three of the regional commissions (ECE, ESCAP and ECA) held their

annual or biennial ministerial sessions. ECLAC and ESCWA organized a number of area-specific high-level meetings, at which major policy issues of relevance to the respective regions were discussed. More details about the resolutions and decisions emanating from these meetings are included in addenda to the present report.

63. At its sixty-third session, held from 30 March to 1 April 2009, ECE addressed two major issues: the economic development in the ECE region and climate change mitigation and adaptation. Under the first topic, Member States emphasized that the work of ECE had been and would continue to be important in addressing the asymmetries in the ECE region, with respect to North America and most of the European Union countries that had achieved a high level of economic integration, and to the east-west European integration that, although it had progressed significantly, remained weak in a number of important areas. The contribution of ECE in intensifying the European Union partnership with countries to the east of its borders, fostering knowledge-based innovative economies and increasing social cohesion were also encouraged as also a priority for the region, particularly in view of the economic crisis.

64. Under the second major issue, it was recommended that ECE scale up its efforts as appropriate for further integration of climate change considerations into development in the region, in supporting the implementation of the United Nations Framework Convention on Climate Change, and in putting in place strategies for combating climate change. The Convention on Long-range Transboundary Air Pollution would play a key role in addressing air pollution and climate change in an integrated way. Member States also considered that the Convention on the Protection and Use of Transboundary Watercourses and International Lakes, with its programme of work for 2010-2012 and beyond, provided a solid legal basis for the riparian countries to share, in an equitable and reasonable manner, the water resources and the risks and challenges linked to climate change.

65. The theme of the sixty-fifth session of ESCAP, held in Bangkok from 23 to 29 April 2009, was "Towards sustainable agriculture and food security in the Asia-Pacific region". Delegations requested ESCAP, as the regional hub of the United Nations, to focus on the areas where ESCAP had a comparative advantage, including policy coordination and norm-setting. The Commission resolved to implement a comprehensive framework of action addressing the financial, food and energy crises and climate change. The Commission decided to develop policy responses to sustain recovery, restore growth and avoid future global shocks, and to further the regional dialogue to address the impact of the crises on the Millennium Development Goals. It was also suggested that ESCAP should support regional cooperation to facilitate the financing of trade and investment activities, focusing in particular on those sectors most affected by the crisis, such as the food and agriculture and energy sectors.

66. The Commission also commended ESCAP for the successful convening of the first session of the Committee on Disaster Risk Reduction, held from 25 to 27 March 2009, and recognized its important role in providing a regional cooperation platform for the sharing of experience, knowledge and information to facilitate the implementation of the Hyogo Framework for Action 2005-2015. In addition, the secretariat of the Pacific Islands Forum requested the assistance of ESCAP in the organization of the Ministerial Meeting on Disability, to be held later in 2009.

67. The African Ministers of Finance, Planning and Economic Development met in Cairo, on 6 and 7 June 2009, to discuss measures for dealing with the global economic crisis. The discussions were part of the 2009 Joint Annual Meetings of the African Union Conference of Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development. The theme of this year's meetings was "Enhancing the effectiveness of fiscal policy for domestic resources mobilization". The theme of the Conference was both timely and significant as external resource flows to Africa — ODA, remittances and foreign direct investments — have been declining in the aftermath of the recent global economic and financial crisis. The discussion underscored the nexus between fiscal policy and domestic resource mobilization. It examined the nature of fiscal policy in Africa as well as challenges posed by the global financial crisis, and focused on strengthening domestic revenue mobilization, boosting private savings and directing ODA towards strengthening capacity to mobilize domestic resources.

68. Under the theme "Action on gender equality, women's empowerment and ending violence against women in Africa", the Sixth African Development Forum was jointly organized, from 19 to 21 November 2008, by the ECA, the African Development Bank and the African Union Commission. The session highlighted the major achievements in empowering women as well as the development of effective tools to accelerate progress towards ending violence against women. The Third African Economic Conference, jointly organized by ECA and the African Development Bank Group, convened from 12 to 14 November 2008 in Tunis, on the theme of "Globalization, institutions and economic development of Africa". The Conference provided a forum for the exchange of ideas among economists and policymakers with a view to improving access to information and research on economic issues as well as the quality of economic policymaking in the region.

69. During the reporting period, member countries of ESCWA, through the subsidiary intergovernmental bodies of the Commission, requested ESCWA, among other things, to provide technical assistance to member countries in the use of modern techniques in Statistical Data and Metadata eXchange and to hold specialized workshops on the methodologies for measuring Millennium Development Goals indicators. They also invited ESCWA to promote policy dialogue within member States on adaptation to climate change and undertake vulnerability assessments of water resources and related socio-economic aspects in the region in order to foster regional cooperation.

70. ESCWA shall also focus on strengthening South-South cooperation in the integrated management of natural resources, with a focus on challenges related to water, energy and climate change. In 2008, and as part of the Commission's continued support and follow-up with member countries on the implementation of the different components of the Integrated Transport System in the Arab Mashreq, Iraq became a party to the Agreement on International Roads in the Arab Mashreq and to the Memorandum of Understanding on Maritime Transport Cooperation in the Arab Mashreq.

71. During the reporting period, ECLAC hosted a seminar on the topic "The food and energy crisis: opportunities and challenges facing Latin America and the Caribbean" (Santiago, 4-5 September 2008) and provided substantive support to the Government of the Dominican Republic in the organization of a subregional summit on the theme "The emerging global financial order: a regional perspective" (22-23 November 2008). Implementing a mandate from its Committee of the Whole,

ECLAC supported the Río Group in the organization of a regional preparatory meeting for the United Nations High-Level Conference on the World Financial and Economic Crisis and Its Impact on Development (New York, 4-5 May 2009).

72. At the "Dialogue for Latin America and the Caribbean on the road to Copenhagen: 2009 climate change negotiations", organized by ECLAC, on 9 and 10 March 2009 in Santiago, Latin American and Caribbean countries exchanged views on the climate change negotiations and their implications at the national and international levels. ECLAC is also assisting several countries in carrying out studies on the economics of climate change; the studies analyse the impact of climate change at the local level in several sectors and identify its implications for specific socio-economic groups.

73. In preparation for the Economic and Social Council 2009 Annual Ministerial Review, the regional commissions partnered with WHO and the Department of Economic and Social Affairs to support volunteer countries in the holding of regional meetings. In this context, ESCAP collaborated to organize two regional ministerial meetings: the first on the topic "Financing strategies for health care" held in Colombo from 16 to 18 March 2009, and hosted by the Government of Sri Lanka; and the second on the topic "Promoting health literacy", held in Beijing on 29 and 30 April, and hosted by the Government of China. ESCWA helped to organize the regional high-level multi-stakeholder meeting (Doha, 10 and 11 May), focusing on the theme "Addressing non-communicable diseases and injuries: major challenges to sustainable development in the twenty-first century". A regional ministerial meeting on the theme of "HIV and development in Latin America and the Caribbean" was held on 5 and 6 June in Montego Bay, Jamaica, with the collaboration of ECLAC, the Department of Economic and Social Affairs and the United Nations funds, programmes and specialized agencies. The Africa Regional Ministerial Meeting focused on "eHealth — information and communication technology for health" was held in Accra, on 10 and 11 June.

B. Coherence at the regional level

1. Regional coordination mechanism

74. The Economic and Social Council, through its resolution 1998/46 (annex III), had mandated the regional commissions to hold regular inter-agency meetings in each region with a view to improving coordination among the work programmes of the organizations of the United Nations system in that region. Consequently, meetings of the regional coordination mechanism had been convened by the commissions since 1999.[19] The experience and evolution of the Regional Coordination Mechanism varied among the regions, but most of the mechanism benefited from a renewed momentum in the last few years, and more particularly since 2007 under the sponsorship of the Deputy-Secretary-General. Currently, the regional coordination mechanisms are regularly held in four regions, with an executive tier discussing broader or emerging policy issues and a thematic tier addressing specific programmatic issues of regional priorities and concerns.[20]

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[19] Albeit under different denominations prior to 2008.

[20] Regional coordination mechanisms are being held in the ECA, ESCAP, ECLAC and ESCWA regions. ECE is expected to convene the regional coordination mechanism in its region in October 2009.

75. For example, the regional coordination mechanism convened by ESCAP brought together 27 United Nations entities operating in the Asia-Pacific region to promote coherence in several policy and programme areas. A total of nine meetings of the mechanism were held in 2008. Five of these meetings were regular regional coordination mechanism sessions that had themes of relevance for the region (e.g., disaster preparedness and gender concerns in the region) and also included preparation for key events such as the ASEAN-United Nations Summit. In support of coherence in programming, a review was undertaken to provide an overview of the key areas of common interest among the mechanism's entities in the Asia-Pacific region as a basis for further progress towards improved programming at the regional level.

76. Similarly, the Review Meeting on Measures to Enhance the Regional Coordination Mechanism of United Nations agencies and organizations working in Africa in support of the African Union and its NEPAD Programme, organized by ECA, was held at Addis Ababa, on 16 and 17 September 2008. In addition to representatives of 20 United Nations organizations, the meeting brought together representatives from the African Union, the NEPAD secretariat, the African Development Bank and the economic communities of African States. The meeting addressed the further alignment of the current system of work of the regional coordination mechanism with the African Union and NEPAD priorities; the strengthening of cooperation and collaboration at the regional and subregional levels; resource mobilization for the sustainable financing of the mechanism and a system of monitoring and evaluation.

77. Representatives of 16 United Nations regional offices and 3 United Nations country offices, in addition to representatives from the World Bank, IMF, the League of Arab States and regional experts, attended the twelfth meeting of the Arab Regional Coordination Mechanism, convened by ESCWA in Beirut, on 13 and 14 September 2008. The meeting provided an opportunity for inter-agency dialogue on emerging global challenges, including the food crisis and climate change, and to ensure coherence in the approach to regional development challenges. The meeting agreed on the establishment of three thematic working groups, subsidiary to the regional coordination mechanism on: (a) the Millennium Development Goals in the Arab region; (b) climate change; and (c) food security.

78. The annual meeting of the Regional Coordination Mechanism for the Latin American and the Caribbean region was organized by ECLAC in Santiago, on 3 November 2008. It brought together representatives of 18 United Nations entities. The participants agreed that under the leadership of ECLAC, the United Nations organizations acting in the region would continue to provide policymakers and other stakeholders with comparable data and policy guidelines regarding regional progress towards achievement of the Millennium Development Goals. The meeting also pledged support to Governments to maintain counter-cyclical social spending to protect the progress achieved in recent years in poverty reduction.

2. Regional coordination mechanisms and regional directors' teams: evolving complementarities in support of country work

79. In 2008, the regional commissions sponsored an independent study entitled "UN coherence at the regional level: synergies and complementarities between the

regional coordination mechanism and regional directors' team".[21] The study was sponsored by the regional commissions as a contribution to the ongoing discussion and reflection within the United Nations system on improving coherence and programme delivery by the United Nations system at the regional level. It advocated better synergies and complementarities between the two main inter-agency mechanisms working at that level, namely the Economic and Social Council-mandated regional coordination mechanism convened by the regional commissions, on one hand, and the regional directors' teams acting within the United Nations Development Group machinery, on the other hand.[22] In this context, the study called for clearer complementarities through an improved focus by the regional coordination mechanism on the policy, normative-support and analytical work at the regional and subregional levels, including through a thematic focus and linkage to and integration into country-level development work, while regional directors' teams would continue their operational focus of providing coherent and timely support to United Nations country teams.

80. As the functions of the regional directors' teams have been clarified between the Executive Secretaries of the regional commissions and the Chair of the United Nations Development Group and within the United Nations Development Group machinery,[23] the relationship between Regional Coordination Mechanisms and regional directors' teams has been evolving in most regions with a view to further complementarities and linkages between the inter-agency policy and programming resources available within the mechanism and the operational focus and functions of regional directors' teams in support of country-level work. For example, 15 directors of regional United Nations programmes are now members of both the Regional Coordination Mechanism and regional directors' team in the Asia-Pacific region. This has facilitated joint planning of meetings based on a clear division of labour, and the holding of back-to-back meetings of both processes. With a focus on country-level programmes, the regional directors' team in the Asia-Pacific region now captures the regional perspective of specialized agencies and funds, and links more effectively to the normative and analytical role of ESCAP. The Commission also participates fully in the regional directors' team processes that support the rollout of UNDAF in the region, including an active role in supporting country teams in UNDAF preparation.

81. ECLAC has been a member of the regional directors' team in Latin America and the Caribbean for some time and continues its coordination with the team as the convenor of the regional coordination mechanism in the region, including by holding their meetings back to back, as appropriate. ECA is initiating an active engagement in regional directors' teams in Africa, including through its subregional

[21] See www.un.org/regionalcommissions, regional commissions and United Nations system-wide coherence.

[22] Regional directors' teams is the second mechanism for regional coordination established in 2003, currently composed of regional directors and relevant senior managers with direct supervisory responsibilities for agency engagement at the country level.

[23] The regional directors' teams have been tasked with providing coherent technical support to regional commissions and United Nations country teams; performance management of regional commissions and United Nations country teams; and quality assurance of UNDAFs/United Nations programmes. See the discussion note by the United Nations Secretariat dated 15 April 2009 entitled "Strengthening governance of operational activities for development of the United Nations system for enhanced system-wide coherence" (para. 32) and also the CEB 2008 fall session report (CEB/2008/2).

offices. In the Arab region, ESCWA was invited to join the regional directors' team in March 2009. However, further coordination is under way to ensure that the roles of the two coordination forums in the region are complementary.

3. The regional coordination mechanism and the CEB High-Level Committee on Programmes: enhancing policy coherence and linkage between the global and regional levels

82. Based on an issues paper presented by the regional commissions,[24] the issue of the coherence at the regional level and the regional dimension of the work of the High-Level Committee on Programmes was further addressed in depth at the seventeenth session of the High-Level Committee on Programmes, held on 26 and 27 February 2009. Recognizing the importance and value added of the regional dimension to its work, the Committee decided to invite the regional commissions, as convenors of the regional coordination mechanism, to bring to the deliberations of the regional coordination mechanism those global issues that the Committee may wish to pursue at the regional level, bearing in mind the regional priorities and the regional coordination mechanism roles and functional mechanisms. The Committee also decided to invite the regional commissions, as convenors of the regional coordination mechanism, to bring to the deliberations of the High-Level Committee on Programmes any emerging interregional issues that merited consideration at the global level. This decision would further the linkage between the global and regional levels allowing the work of the Committee on certain global issues with important regional dimensions to be addressed in a coherent manner at the regional level through the Regional Coordination Mechanism. CEB endorsed this decision at its first 2009 regular session, held in Paris, on 4 and 5 April 2009.

C. Enhanced interregional cooperation among the regional commissions

83. Since the last reporting period, the Executive Secretaries held three regular meetings in New York to further coordination and collaboration among the Commissions, in July and October 2008 and in February 2009. On their agenda were many of the major policy issues addressed in the report, notably the Regional Commissions' coordinated actions and efforts to support United Nations system-wide coherence at the regional and global levels, as well as the substantive contributions and regional perspectives by the regional commissions to the global challenges of climate change, food and energy security, and the ongoing economic and financial crisis. These issues have been addressed as part of the Executive Secretaries dialogues with the Economic and Social Council and the Second Committee of the General Assembly, in July and October 2008, respectively. Two side-events were organized at the margins of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha, from 29 November to 2 December 2008, in which the regional commissions discussed the issues of financing for development and the economics of gender and the role of regional cooperation and global

[24] See the report of the regional commissions entitled: "Coherence at the regional level: the regional dimensions of HLCP work" (CEB/2009/HLCP-XVII/CRP.2), available from www.un.org/regionalcommissions.

partnership in financing for development. In addition, during the sixty-fifth session of ESCAP, in Bangkok, in April 2009, three of the Executive Secretaries (of ECA, ECE and ESCAP) participated in a high-level panel on the economic crisis.

84. With the objective of increasing mutual in-depth knowledge and identifying measures for more effective interregional cooperation, the Executive Secretaries and selected senior staff from the regional commissions held their first retreat at the United Nations System Staff College in Turin, Italy, in September 2008. The participants at the retreat identified several focus areas for the regional commissions to foster their interregional cooperation and exchange of best practices. Among the focus areas were: statistics, including statistical alignment with the Millennium Development Goals and international standards; energy security and efficiency; transport infrastructure, border crossing and facilitation; aid for trade; disaster risk reduction; and social policy.

85. In addition, the annual meetings of the Chiefs of Programme Planning continue to enhance harmonization among the commissions in different areas, including: the introduction of a unified message on the regional dimension of development in all strategic frameworks for the period 2010-2011; the alignment of the programme planning functions and the harmonization of the programme budget proposals; the sharing of experiences on establishing subregional offices; and the harmonization of the parameters on quality assurance of publications and flagship definition.